EVRAZ plc

EVRAZ PUBLISHES 2018 ANNUAL REPORT AND REPORTS FULL YEAR 2018 RESULTS

28 February 2019 – EVRAZ plc (“EVRAZ” or “the Company”) (LSE: EVR) has today:

- posted its Annual Report for the year ended 31 December 2018 ("2018 Annual Report") on its website: http://www.evraz.com/investors/annual_reports/; and
- submitted to the UK National Storage Mechanism a copy of its 2018 Annual Report in accordance with LR 9.6.1 R.

The 2018 Annual Report will shortly be available for inspection on the National Storage Mechanism http://www.morningstar.co.uk/uk/NSM

The 2018 Annual Report and the Notice of the Company's Annual General Meeting, which will be held on 18 June 2019 in London, will be posted to shareholders in mid-May 2019.

The Appendix to this announcement contains additional information which has been extracted from the 2018 Annual Report for the purposes of compliance with DTR 6.3.5 only and should be read in conjunction with this announcement. Together these constitute the material required by DTR 6.3.5 and DTR 4.2.3 to be communicated to the media in unedited full text through a Regulatory Information Service. This announcement should be read in conjunction with and is not a substitute for reading the full 2018 Annual Report. Page and note references in the text below refer to page numbers and notes in the 2018 Annual Report.

EVRAZ ANNOUNCES ITS AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

The financial information contained in this document does not constitute statutory accounts as defined by section 435 of the Companies Act 2006. Financial information for 2017 has been extracted from the audited statutory accounts for the year ended 31 December 2017 which were prepared in accordance with IFRS as adopted by the European Union and have been delivered to the Registrar of Companies. The auditor’s report on those financial statements was unqualified with no reference to matters to which the auditor drew attention by way of emphasis and no statement under s498(2) or s498(3) of the Companies Act 2006. The financial information for the year ended 31 December 2018 will be delivered to the Registrar of Companies following the Company’s annual general meeting convened for 18 June 2019. The auditor has reported on the statutory accounts for the year ended 31 December 2018. The auditor's report was unqualified.

FY 2018 HIGHLIGHTS

- Robust free cash flow of US$1,940 million (FY2017: US$1,322 million)
- Continued reduction in net debt: US$3.6 billion (FY2017: US$4.0 billion)
- Total EBITDA effect from cost-cutting and customer focus initiatives was US$340 million in 2018
- Consolidated EBITDA of US$3,777 million, up 43.9% from US$2,624 million in FY2017, driving the EBITDA margin from 24.2% to 29.4%, due to strong market conditions and numerous improvement initiatives
- Net profit surged to US$2,470 million vs. US$759 million in FY2017
- Cash-costs:
    - cash cost of slabs decreased to US$242/t from US$247/t in FY2017 amid rouble depreciation and higher sales volumes

- cash costs of washed coking coal increased to US$47/t (FY2017: US$42/t) due to more complex geological conditions, rise in auxiliary materials prices and higher involvement of contractors
- cash costs of iron ore products increased slightly to US$37/t (FY2017: US$36/t) amid lower sales volumes of Evrazruda

- An interim dividend of US$577.34 million (US$0.40 per share) has been declared, reflecting the Board's confidence in the Group's financial position and outlook.

FINANCIAL HIGHLIGHTS

(US$ million)	FY2018	FY2017	Change,%
Consolidated revenue	12,836	10,827	18.6
Profit from operations	3,528	1,986	77.6
Consolidated EBITDA[1]	3,777	2,624	43.9
Net profit	2,470	759	n/a
Earnings per share, basic (US$)	1.67	0.49	n/a
Net cash flows from operating activities	2,633	1,957	34.5
CAPEX[2]	527	603	(12.6)
	31 December 2018	**31 December 2017**	
Net debt[3]	3,571	3,966	(10.0)
Total assets	9,373	10,380	(9.7)

[1] See p.261 of EVRAZ plc Annual Report 2018 for the definition of EBITDA.
[2] Including payments on deferred terms recognised in financing activities and non-cash transactions.
[3] See p.261 of EVRAZ plc Annual Report 2018 for the calculation of net debt.

EVRAZ Chief Executive Officer, Alexander Frolov, commented

"In 2018, EVRAZ delivered robust growth due to favourable market conditions and ongoing efficiency and cost initiatives. The Group generated EBITDA of US$3,777 million during the reporting period, its highest level since 2008, which made it possible to pay dividends of US$1.6 billion.

EVRAZ remained focused on implementing its efficiency improvement programme in the amount of 3% of the cost base, the effect from which totalled US$340 million in 2018.

EVRAZ believes that its low net debt and superior cost base will help to withstand any market downturns, thereby helping the business to develop sustainably".

CONFERENCE CALL

EVRAZ plc (LSE: EVR) has released its financial results for the year ended 31 December 2018 on Thursday, 28 February 2019.

A conference call to discuss the results, hosted by **Alexander Frolov**, CEO, and **Nikolay Ivanov**, CFO, will be held on Thursday, 28 February 2019, at:

2 pm (London time)

5 pm (Moscow time)

9 am (New York time)

To join the call, please dial:

+ 44 (0)330 336 9127	UK
+7 495 213 1767	Russia
+1 646 828 8193	US

Conference ID: 9976768

To avoid any technical inconvenience, it is recommended that participants dial in 10 minutes before the start of the call**.**

The FY2018 results presentation will be available on the Group's website, www.evraz.com, on Thursday, 28 February 2019, at the following link:

http://www.evraz.com/investors/financial_results/presentations/

An MP3 recording will be available on Friday, 1 March 2019, at the following link:

http://www.evraz.com/investors/financial_results/conference_calls/

FORWARD-LOOKING STATEMENTS

TABLE OF CONTENTS

FINANCIAL REVIEW ... 5
STATEMENT OF OPERATIONS ... 5
CAPEX AND KEY PROJECTS ... 11
FINANCING AND LIQUIDITY ... 12
REVIEW OF OPERATIONS BY SEGMENT ... 13
Steel segment ... 13
Steel, North America segment ... 16
Coal segment ... 18
APPENDIX ... 20
KEY RISKS AND UNCERTAINTIES ... 20
DIVIDENDS ... 22
DIRECTORS' RESPONSIBILITY STATEMENT ... 23
Consolidated Statement of Operations ... 24
Consolidated Statement of Comprehensive Income ... 25
Consolidated Statement of Financial Position ... 26
Consolidated Statement of Cash Flows ... 27
Consolidated Statement of Changes in Equity ... 29

FINANCIAL REVIEW

STATEMENT OF OPERATIONS

In its full-year financial results for 2018, EVRAZ reported an increase of 18.6% year-on-year in consolidated revenues, which were US$12,836 million compared with US$10,827 million in 2017. This performance was driven mostly by an upswing in prices for vanadium and steel products amid more favourable market trends.

EVRAZ' consolidated EBITDA amounted to US$3,777 million in the period, compared with US$2,624 million in 2017, boosting the EBITDA margin from 24.2% to 29.4% and free cash flow to US$1,940 million. The improvement is primarily attributable to higher vanadium and steel product prices, lower expenses in US dollar terms because of the effect that rouble weakening had on costs in 2018 versus 2017, as well as the impact of cost-cutting initiatives on efficiency. This was partly offset by an increase in prices for raw and auxilliary materials, including scrap, electrodes and ferroalloys.

The Steel segment's revenues (including inter-segment) climbed by 14.7% year-on-year to US$8,879 million, or 62.2% of the Group's total before elimination. The growth was mainly attributable to higher revenues from sales of vanadium products, which rose by 111.4% year-on-year, 124.6% increase was attributed to surges in average sales prices. Ongoing vanadium production restrictions together with China's new high-strength rebar standard and strong global demand from steelmakers have severely affected stockpiles and pushed up price indices. Sales of steel products also increased by 5.8% due to higher sales prices, primarily for finished products.

The Steel, North America segment's revenues increased by 38.6% year-on-year. Prices and volume went up by 22.6% and 14.4%, respectively. The key drivers of this growth were improved demand across product segments, particularly for tubular products driven by recovery in oil prices and drilling activity and the start of new major pipelines construction in Canada and the US.

The Coal segment's revenues grew by 5.6% year-on-year, supported largely by higher sales volumes, which were up 4.8% due to stable demand and improved productivity at the Raspadskaya-Koksovaya mine.

In 2018, the Steel segment's EBITDA rose due to an increase in steel and vanadium prices; lower expenses in US dollar terms due to the effect that rouble weakening had on costs; and the impact of cost-cutting initiatives implemented in the period. This was partly offset by an increase in prices for raw and auxilliary materials, including scrap, electrodes and ferroalloys.

The increase in volume and metal spreads of the Steel, North America segment's was more than offset by the effect of tariffs and duties on Canadian large-diameter and line pipe sales into the US, as well as due to operational challenges at EVRAZ Regina facility that resulted in lower EBITDA.

The Coal segment's EBITDA declined slightly year-on-year mainly due to higher cost per tonne amid more complex geological conditions, rise in auxiliary materials prices and higher involvement of contractors. This was partly offset by sales prices rising in line with global benchmarks; the impact of cost-cutting initiatives; and lower expenses in US dollar terms as a result of the effect that rouble weakening had on costs.

Eliminations mostly reflect unrealised profits or losses that relate to the inventories produced by the Steel segment on the Steel, North America segment's balance sheet, and coal inventories produced by the Coal segment on the Steel segment's balance sheet.

Revenues
(US$ million)

Segment	2018	2017	Change	Change, %
Steel	8,879	7,743	1,136	14.7
Steel, North America	2,583	1,864	719	38.6
Coal	2,337	2,214	123	5.6
Other operations	472	462	10	2.2
Eliminations	(1,435)	(1,456)	21	(1.4)
Total	**12,836**	**10,827**	**2,009**	**18.6**

Revenue by region
(US$ million)

Region	2018	2017	Change	Change, %
Russia	4,564	4,255	309	7.3
Americas	3,009	2,201	808	36.7
Asia	2,716	2,162	554	25.6
Europe	1,426	1,128	298	26.4
CIS (excl. Russia)	936	812	124	15.3
Africa and the rest of the world	185	269	(84)	(31.2)
Total	**12,836**	**10,827**	**2,009**	**18.6**

EBITDA*
(US$ million)

Segment	2018	2017	Change	Change, %
Steel	2,672	1,483	1,189	80.2
Steel, North America	14	58	(44)	(75.9)
Coal	1,218	1,226	(8)	(0.7)
Other operations	17	21	(4)	(19.0)
Unallocated	(135)	(131)	(4)	3.1
Eliminations	(9)	(33)	24	(72.7)
Total	**3,777**	**2,624**	**1,153**	**43.9**

** For the definition of EBITDA, please refer to p.261 of the Annual Report 2018*

The following table details the effect of the Group's cost-cutting initiatives.

Effect of Group's cost-cutting initiatives in 2018, (US$ million)	
Improving yields and raw material costs, including	**132**
Improving yields and raw material costs of Urals and Siberia divisions	74
Various improvements at coal washing plants and mines	15
Improving yields and raw material costs of North American assets and vanadium operations	43
Increasing productivity and cost effectiveness	**132**
Others, including	**9**
Reduction of general and administrative (G&A) costs and non-G&A headcount	9
Total	**273**

Revenues, cost of revenue and gross profit of segments (US$ million)			
	2018	**2017**	**Change, %**
Steel segment			
Revenues	8,879	7,743	14.7
Cost of revenue	(5,613)	(5,795)	(3.1)
Gross profit	3,266	1,948	67.7
Steel, North America segment			
Revenues	2,583	1,864	38.6
Cost of revenue	(2,215)	(1,656)	33.8
Gross profit	368	208	76.9
Coal segment			
Revenues	2,337	2,214	5.6
Cost of revenue	(1,042)	(973)	7.1
Gross profit	1,295	1,241	4.4
Other operations – *gross profit*	15	104	(85.6)
Unallocated – *gross profit*	(8)	(8)	0.0
Eliminations – *gross profit*	(111)	(151)	(26.5)
Total	**4,825**	**3,342**	**44.4**

Gross profit, expenses and results (US$ million)				
Item	**2018**	**2017**	**Change**	**Change, %**
Gross profit	**4,825**	**3,342**	**1,483**	**44.4**
Selling and distribution costs	(1,013)	(717)	(296)	41.3
General and administrative expenses	(546)	(540)	(6)	1.1
Impairment of assets	(30)	12	(42)	n/a
Foreign exchange gains/(losses), net	361	(54)	415	n/a
Other operating income and expenses, net	(69)	(57)	(12)	21.1
Profit from operations	**3,528**	**1,986**	**1,542**	**77.6**
Interest expense, net	(341)	(423)	82	(19.4)
Share of profits/(losses) of joint ventures and associates	9	11	(2)	(18.2)
Loss on financial assets and liabilities, net	13	(57)	70	n/a
Loss on disposal groups classified as held for sale, net	(10)	(360)	350	(97.2)
Other non-operating losses, net	2	(2)	4	n/a
Profit before tax	**3,201**	**1,155**	**2,046**	**n/a**
Income tax benefit/(expense)	(731)	(396)	(335)	84.6
Net profit	**2,470**	**759**	**1,711**	**n/a**

In 2018, selling and distribution expenses increased by 41.3%, mostly due to increased freight costs, tariffs imposed on steel exports to US customers of EVRAZ North America and higher sales volumes, partly offset by the weakening of the rouble. General and administrative expenses edged up by 1.1% due to wage indexation, partly offset by the effect that rouble depreciation had on costs.

Foreign exchange gains amounted to US$361 million and were primarily related to intra-group loans denominated in roubles payable among Russian and non-russian subsidiaries. The depreciation of the Russian rouble against the US dollar in 2018 led to exchange gains mainly recognized in the income statements of EVRAZ plc and East Metals A.G., which were not offset by the exchange losses recognised in the income statements or the equity of the Russian subsidiaries.

Interest expenses incurred by the Group decreased, mainly due to the gradual reduction in total debt and the refinancing of existing indebtedness at more favorable terms during the reporting period. Gains on financial assets and liabilities amounted to US$13 million and were mostly related to gains on hedging instruments.

A net loss of US$10 million on disposal groups classified as held for sale was caused by the disposal in March 2018 of EVRAZ DMZ, which was sold to a third party for a cash consideration of US$35 million. The Group recognised a US$10 million loss on the subsidiary’s sale, including US$60 million of cumulative exchange losses reclassified from other comprehensive income to the consolidated statement of operations. The result was included as a loss on disposal groups classified as held for sale on the consolidated statement of operations.

For the reporting period, the Group had a current income tax expense of US$679 million, compared with US$484 million a year earlier. The change reflects the Group's better operating results and taxes withheld on dividends distributed within the Group.

Cash flow
(US$ million)

Item	**2018**	**2017**	**Change**	**Change, %**
Cash flows from operating activities before changes in working capital	3,063	2,111	952	45.1
Changes in working capital	(430)	(154)	(276)	n/a
Net cash flows from operating activities	**2,633**	**1,957**	**676**	**34.5**
Short-term deposits at banks, including interest	11	7	4	57.1
Purchases of property, plant and equipment and intangible assets	(521)	(595)	74	(12.4)
Proceeds from sale of disposal groups classified as held for sale, net of transaction costs	52	412	(360)	(87.4)
Other investing activities	80	9	71	n/a
Net cash flows used in investing activities	**(378)**	**(167)**	**(211)**	**n/a**
Net cash flows used in financing activities	**(2,606)**	**(1,479)**	**(1,127)**	**76.2**
including dividends paid	(1,556)	(430)	(1,126)	n/a
Effect of foreign exchange rate changes on cash and cash equivalents	(48)	(2)	(46)	n/a
Net increase/(decrease) in cash and cash equivalents	**(399)**	**309**	**(708)**	n/a

Calculation of free cash flow*
(US$ million)

Item	**2018**	**2017**	**Change**	**Change, %**
EBITDA	3,777	2,624	1,153	43.9
EBITDA excluding non-cash items	**3,773**	**2,627**	**1,146**	**43.6**
Changes in working capital	(430)	(154)	(276)	n/a
Income tax accrued	(683)	(485)	(198)	40.8
Social and social infrastructure maintenance expenses	(27)	(31)	4	(12.9)
Net cash flows from operating activities	**2,633**	**1,957**	**676**	**34.5**
Interest and similar payments	(298)	(453)	155	(34.2)
Capital expenditures, including recorded in financing activities	(527)	(603)	76	(12.6)
Proceeds from sale of disposal groups classified as held for sale, net of transaction costs	52	412	(360)	(87.4)
Other cash flows from investing activities	80	9	71	n/a
Free cash flow	**1,940**	**1,322**	**618**	**46.7**

** For the definition of free cash flow, please refer to p.261 of the Annual Report 2018.*

In 2018, net cash flows from operating activities climbed by 34.5% year-on-year. Free cash flow for the period was US$1,940 million.

CAPEX AND KEY PROJECTS

In 2018, EVRAZ' capital expenditures fell to US$527 million, compared with US$603 million a year earlier, as EVRAZ NTMK finished implementing two main projects, the construction of blast furnace no. 7 (first pig iron was obtained in Q1 2018) and the grinding ball mill (first ball was produced in Q1 2018), amid the weakening of the rouble exchange rate against the US dollar. EVRAZ North America also started to implement two projects to reduce costs that are scheduled to be completed in 2019. Capital expenditures (including those recognized in financing activities) for 2018 in millions of US dollars can be summarised as follows.

Capital expenditures in 2018

(US$ million)

Steel segment	
Blast furnace no. 7 construction at EVRAZ NTMK The project aim is to maintain stable pig iron production volumes during the capital repair of blast furnace no. 6 in 2018-19.	48
Wheel resurfacing capacity expansion at EVRAZ NTMK The project aim is to expand wheel resurfacing capacity to balance production capacity in 2019-22 and increase production volumes.	10
Grinding ball mill construction at EVRAZ NTMK The project aim is to construct a new grinding ball mill that can make the grinding balls of hardness category five.	5
Steel, North America segment	
EVRAZ Pueblo seamless threading The project aim is to in-source seamless threading and coupling process from third-party providers to improve cost competitiveness.	15
EVRAZ Red Deer heat treatment The project aim is to develop heat treatment capability to access a higher margin market.	13
Coal segment	
Access and development of reserves in the Uskovskaya mine's seam no. 48 The project aim is to prepare the reserves in seam no. 48 for mining.	20
Access and development of reserves in the Esaulskaya mine's seam no. 29a The project aim is to relocate mining operations from seam no. 26 to seam no. 29a.	5
Other development projects	51
Maintenance	360
Total	**527**

FINANCING AND LIQUIDITY

EVRAZ began 2018 with total debt of US$5,432 million. The Group used the cash flows it generated during the period to reduce its debt and completed several transactions to manage its maturity profile.

In February, EVRAZ repaid US$500 million in loans, comprising US$200 million from Alfa Bank due in 2019, US$200 million from Alfa Bank due in 2023 and US$100 million from Sberbank due in 2020. The Group financed these repayments with a combination of its cash balances and a new five-year, US$300 million term loan from Alfa Bank. These transactions helped to improve the repayment schedule in terms of loan tenures and reduce interest charges.

Between April and June, to reduce its interest charges, the Group completed an early repayment of its outstanding loans to VTB with principal amounts of US$495 million using cash accumulated on the balance sheet.

These actions, together with scheduled bank loan repayments and changes in credit line balances, reduced total debt by US$794 million to US$4,638 million as at 31 December 2018.

In 2018, EVRAZ made four dividend payments to its shareholders totaling US$1,556 million.

During the reporting period, net debt decreased by US$395 million to US$3,571 million, compared with US$3,966 million as at 31 December 2017. Interest expense accrued in respect of loans, bonds and notes amounted to US$322 million in 2018, compared with US$394 million in 2017. The lower interest expense was mainly due to a reduction of total debt by early repayments.

The strong market trends seen in 2018 drove significant growth of EBITDA and free cash flow generation. This helped to substantially improve the Group’s major leverage metric, the ratio of net debt to EBITDA, which fell to 0.9 times as at 31 December 2018, compared with 1.5 times as at 31 December 2017.

As at 31 December 2018, debt with financial maintenance covenants comprised various bilateral facilities with a total outstanding principal of around US$1,061 million. Maintenance covenants under these facilities include two key ratios calculated using EVRAZ plc’s consolidated financials: a maximum net leverage and a minimum EBITDA interest cover. As at 31 December 2018, EVRAZ was in full compliance with its financial covenants.

As at 31 December 2018, cash amounted to US$1,067 million, while short-term loans and the current portion of long-term loans stood at US$377 million. Cash-on-hand and committed credit facilities are sufficient to cover all of EVRAZ’ refinancing requirements for 2019 and 2020.

REVIEW OF OPERATIONS BY SEGMENT

(US$ million)	Steel		Steel, NA		Coal		Other	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Revenues	8,879	7,743	2 583	1,864	2,337	2,214	472	462
EBITDA	2,672	1,483	14	58	1,218	1,226	17	21
EBITDA margin	30.1%	19.2%	0.5%	3.1%	52.1%	55.4%	3.6%	4.5%
CAPEX	302	358	97	107	119	126	9	7

Steel segment

Sales review

Steel segment revenues by products	2018		2017		
	US$ million	**% of total segment revenues**	**US$ million**	**% of total segment revenues**	**Change,%**
Steel products, external sales	**6,580**	**74.1**	**6,219**	**80.3**	**5.8**
Semi-finished products*	2,521	28.4	2,523	32.6	(0.1)
Construction products**	2 280	25.7	2,171	28.0	5.0
Railway products***	965	10.9	863	11.1	11.8
Flat-rolled products****	415	4.7	313	4.0	32.6
Other steel products*****	399	4.4	349	4.6	14.3
Steel products, intersegment sales	**334**	**3.8**	**284**	**3.7**	**17.6**
Including sales to Steel, North America	321	3.6	270	3.5	18.9
Iron ore products	**254**	**2.9**	**192**	**2.5**	**32.3**
Vanadium products	**1,152**	**13.0**	**545**	**7.0**	**111.4**
Other revenues	**559**	**6.3**	**503**	**6.5**	**11.1**
Total	**8,879**	**100.0**	**7,743**	**100.0**	**14.7**

** Includes billets, slabs, pig iron, pipe blanks and other semi-finished products.*
*** Includes rebar, wire rods, wire, beams, channels and angles.*
**** Includes rails, wheels, tires and other railway products.*
***** Includes commodity plate and other flat-rolled products.*
****** Includes rounds, grinding balls, mine uprights and strips.*

Geographic breakdown of external steel product sales
(US$ million)

	2018	2017	Change, %
Russia	3,258	3,012	8.2
Asia	1,810	1,492	21.3
Europe	653	701	(6.8)
CIS	482	528	(8.7)
Africa, America and rest of the world	377	486	(22.4)
Total	**6,580**	**6,219**	**5.8**

In 2018, revenues from the Steel segment climbed by 14.7% to US$8,879 million, compared with US$7,743 million a year earlier. The segment's revenues were affected by rising sales prices for vanadium products and steel, primarily for finished products, which was partly offset by lower sales volumes of vanadium products and steel.

Revenues from sales of construction products to third parties grew by 5.0%: a 6.4% increase was attributed to surges in average prices which was partly offset by a 1.4% reduction in sales volumes amid a slowdown of construction work in Russia.

Revenues from external sales of railway products rose due to a 6.9% increase in prices, which was supported by market upside growth of 4.9% in sales volumes. Greater sales of railway products during the reporting period were attributable to higher demand for wheels as the Russian market entered a new cycle in railcar production and due to signing a new five-year contract with Russian Railways.

External revenues from flat-rolled products jumped by 32.6%. 11.9% increase was attributed to surges in average prices and 20.7% to the increased sales volumes amid an improving market situation. This was in line with global market trends and the increased production volumes at EVRAZ Palini e Bertoli.

The share of sales to the Russian market grew from 48.4% in 2017 to 49.5% in 2018, mainly due to a shift from sales to Europe and the CIS.

Steel segment revenues from sales of iron ore products rose by 32.3%. This was due to a 26.3% increase in sales price, accompanied by 6.0% rise in sales volumes. In 2018, around 70.2% of EVRAZ' iron ore consumption in steelmaking came from the Group's own operations, compared with 66.5% a year earlier.

Steel segment revenues from sales of vanadium products surged by 111.4%. A 124.6% was attributed to an upswing in sales prices, which was partly offset by a 13.2% decrease in sales volumes. Reduction in sales volumes was caused by a low-base effect from higher oxide availability in 2017 due to the conversion of slag stocks at third parties; production downtime due to the launch of blast furnace no. 7 at EVRAZ NTMK and maintenance at EVRAZ Vanady-Tula; and the fact that no Nitrovan sales from EVRAZ Vametco were being included in the 2018 reporting following its deconsolidation in May 2017.

Steel segment cost of revenue

Steel segment cost of revenues

	2018		**2017**		
	US$ million	**% of segment revenue**	**US$ million**	**% of segment revenue**	**Change, %**
Cost of revenues	**5,613**	**63.2**	**5,795**	**74.8**	**(3.1)**
Raw materials	2,494	28.1	2,756	35.6	(9.5)
Iron ore	369	4.2	485	6.3	(24.0)
Coking coal	1,209	13.6	1,356	17.5	(10.8)
Scrap	514	5.8	466	6.0	10.3
Other raw materials	402	4.5	449	5.8	(10.4)
Auxiliary materials	343	3.9	334	4.3	2.7
Services	284	3.2	269	3.5	5.6
Transportation	409	4.6	449	5.8	(8.9)
Staff costs	491	5.5	530	6.8	(7.4)
Depreciation	222	2.5	241	3.1	(7.9)
Energy	429	4.8	474	6.1	(9.5)
Other*	941	10.6	742	9.6	26.8

** Includes goods for resale, changes in work in progress and finished goods, taxes in cost of revenues, semi-finished products, allowance for inventory and inter-segment unrealised profit.*

In 2018, the Steel segment's cost of revenues decreased by 3.1% year-on-year. The main reasons for the reduction were:

- The cost of raw materials fell by 9.5%, mainly due to reduced costs of iron ore (down 24.0%), coking coal (down 10.8%) and other raw materials (down 10.5%) following to the disposal of EVRAZ DMZ in March 2018 and Yuzhkoks in December 2017, as well as the effect of the weaker rouble. This was partly offset by higher cost of scrap (up 10.3%) due to higher prices.
- Transportation costs dropped by 8.9%, primarily due to the rouble's depreciation and the disposal of EVRAZ Sukha Balka in June 2017.
- Staff costs were down 7.4%, largely because of the effect that rouble weakness had on costs and due to the disposal of EVRAZ DMZ.
- Depreciation and depletion costs decreased by 7.9%, primarily due to rouble's depreciation.
- Energy costs were lower due to the weaker rouble and disposal of EVRAZ DMZ.

Other costs increased, primarily due to changes in goods for resale and semi-finished products.

Steel segment gross profit

The Steel segment's gross profit surged by 67.7% year-on-year, driven primarily by higher vanadium and steel prices, accompanied by the effect that rouble weakening had on costs. This was partly offset by a rise in prices for purchased raw materials (particularly for scrap).

Steel, North America segment

Sales review

Steel, North America segment revenues by product

	2018		2017		
	US$ million	% of total segment revenue	US$ million	% of total segment revenue	Change, %
Steel products	**2,430**	**94.1**	**1,774**	**95.2**	**37.0**
Semi-finished products	39	1.5	4	0.2	n/a
Construction products*	247	9.6	159	8.5	55.3
Railway products**	380	14.7	309	16.6	23.0
Flat-rolled products***	597	23.1	427	22.9	39.8
Tubular products****	1,167	45.2	875	47.0	33.4
Other revenues***	**153**	**5.9**	**90**	**4.8**	**70.0**
Total	**2,583**	**100.0**	**1,864**	**100.0**	**38.6**

** Includes beams, rebar and structural tubing.*
*** Includes rails and wheels.*
**** Includes commodity plate, specialty plate and other flat-rolled products.*
***** Includes large-diameter line pipes, ERW pipes and casing, seamless pipes, casing and tubing and other products.*
****** Includes scrap and services.*

The segment's revenues from the sale of steel products grew significantly due to rises of 22.6% in prices and 14.4% in volumes. This was mainly attributable to the improved productivity at the spiral mill and greater demand on the tubular market, mostly for line pipe and large-diameter pipe, as market demand continued to develop through 1H 2018 in support of oil price recovery and the recent approval of new pipelines in Canada and the US pipelines.

Construction products revenues increased by 55.3% due to an upswing in prices of 36.2% and sales volumes of 19.1% as a result of improved demand for concrete reinforcing bar and wire rod products produced at EVRAZ Pueblo and Section 232 tariffs. End use demand improved with increased spending in the energy, infrastructure and non-residential construction markets. The Section 232 tariffs implemented in mid-2018 led to fewer rebar and wire rod imports to the US market, further increasing demand for domestic producers.

Railway product revenues increased by 23.0%, driven by growth in volumes of 12.0%, 11.0% increase was attributed to surges in average prices.

Revenues from flat-rolled products climbed due to an uptick in prices of 28.9% and in sales volumes of 10.9% primarily at EVRAZ Portland. The increase was primarily related to commodity plate sales in the view of the improved demand for US-produced materials as a result of Section 232 tariffs introduction, which lowered imported tonnes, and greater demand from wind tower business.

Revenues from tubular product sales grew by 33.4% year-on-year due to increases of 9.9% in volumes and 23.5% in prices. This was driven by stronger sales of line pipe due to favourable market conditions and large-diameter pipe due to new orders achieved during 2017-18, as well as improved productivity at the spiral mill.

Steel, North America segment cost of revenue

Steel North America segment cost of revenues

	2018		2017		
	US$ million	**% of segment revenue**	**US$ million**	**% of segment revenue**	**Change, %**
Cost of revenues	**2,215**	**85.8**	**1,656**	**88.8**	**33.8**
Raw materials	746	28.9	645	34.6	15.7
Semi-finished products	569	22.0	303	16.3	87.8
Auxiliary materials	246	9.5	148	7.9	66.2
Services	195	7.5	124	6.7	57.3
Staff costs	286	11.1	254	13.6	12.6
Depreciation	101	3.9	95	5.1	6.3
Energy	119	4.6	111	6.0	7.2
Other*	(47)	(1.7)	(24)	(1.4)	100

** Primarily includes transportation, goods for resale, certain taxes, changes in work in progress and fixed goods, and allowances for inventories.*

In 2018, the Steel, North America segment's cost of revenues surged by 33.8% year-on-year. The main drivers were:

- Cost of semi-finished products was up 87.8% due to higher prices for purchased materials, steel import duties and increased sales volumes of steel products.
- Auxiliary material costs climbed by 66.2%, driven by increased costs of electrodes and higher production volumes of crude steel and finished products.
- Service costs went up 57.3%, driven by greater volumes of coating, outside repair, finishing and other services, in line with the year-on-year rise in sales volumes.
- Raw material costs rose by 15.7%, primarily because of higher prices of scrap and ferroalloys, accompanied by greater consumption due to increased sales volumes of tubular products amid the market recovery seen in the reporting period.
- Other costs were down for the reporting period, primarily due to changes in work in progress and finished goods.

Steel, North America segment gross profit

The Steel, North America segment's gross profit totalled US$368 million for 2018, up from US$208 million a year earlier. While the growth was primarily caused by an increase in revenues due to improving market conditions, it was partly offset by higher prices for purchased semi-finished products, auxiliary materials and scrap.

Coal segment

Sales review

Coal segment revenues by product

	2018		2017		
	US$ million	**% of total segment revenue**	**US$ million**	**% of total segment revenue**	**Change, %**
External sales					
Coal products	**1,506**	**64.4**	**1,266**	**57.2**	**19.0**
Coking coal	145	6.2	174	7.9	(16.7)
Coal concentrate	1,358	58.1	1,092	49.3	24.4
Steam coal	3	0.1	-	-	n/a
Inter-segment sales					
Coal products	**776**	**33.2**	**811**	**36.6**	**(4.3)**
Coking coal	120	5.1	75	3.4	60.0
Coal concentrate	656	28.1	736	33.2	(10.9)
Other revenues	**55**	**2.4**	**137**	**6.2**	(59.9)
Total	**2,337**	**100.0**	**2,214**	**100.0**	**5.6**

The segment's overall revenues increased amid rising sales prices as global market trends remained favourable. This was driven by supply disruptions caused by port restrictions in Australia and by unfavourable weather conditions in the US.

Revenues from internal sales of coal products were down, mainly because of an 8.4% decline in prices and partly offset by a 4.1% increase in sales volumes.

Revenues from external sales of coal products rose due to growth of 13.8% in prices and 5.2% in sales volumes, which was driven by higher coal production volumes and stable, positive demand on the domestic and export markets, including higher shipments to the Southeast Asia and European countries.

In 2018, the Coal segment's sales to the Steel segment amounted to US$779 million (33.3% of total sales), compared with US$830 million (37.5%) a year earlier.

During the reporting period, roughly 68.8% of EVRAZ' coking coal consumption in steelmaking came from the Group's own operations, compared with 50.0% in 2017.

Coal segment cost of revenue

Coal segment cost of revenue

	2018		**2017**		
	US$ million	**% of segment revenue**	**US$ million**	**% of segment revenue**	**Change, %**
Cost of revenue	**1,042**	**44.6**	**973**	**43.9**	**7.1**
Auxiliary materials	136	5.8	124	5.6	9.7
Services	129	5.5	114	5.1	13.2
Transportation	319	13.6	259	11.7	23.2
Staff costs	193	8.3	198	8.9	(2.5)
Depreciation/depletion	155	6.6	162	7.3	(4.3)
Energy	49	2.1	49	2.2	-
Other*	61	2.7	67	3.1	(9.0)

***** *Primarily includes goods for resale, certain taxes, changes in work in progress and finished goods, allowance for inventory, raw materials and inter-segment unrealised profit.*

The main drivers of the year-on-year increase in the Coal segment's cost of revenues were as follows:

- The consumption of auxiliary materials rose by 9.7% due to larger resale volumes of third-party materials, greater consumption of spare parts due to wear of the main process equipment and increased longwall repositioning. This was accompanied by growth in prices for auxiliary materials (diesel fuel and petrol), partly offset by the depreciation of the rouble.
- Costs for services climbed by 13.2% due to greater open-pit mining works and higher costs for overburden removal at the Raspadskaya-Koksovaya mine, the growth of service costs for redevelopment and a longwall move at Yuzhkuzbassugol's mines.
- Transportation costs grew by 23.2% in the reporting period, primarily due to the higher share of exports in the sales mix, which had a negative impact on trading companies, as well as an increase in tariffs for the supply of wagons.
- Staff costs were lower, primarily due to the disposal of EVRAZ Nakhodka Trade Sea Port and rouble weakening. This was partly offset by wage indexation, forming and using internal drift crews, and additional contributions to the pension fund for underground workers from 2018.
- Depreciation and depletion costs fell, primarily due to the weaker Russian currency.
- Other costs decreased in the reporting period, mainly due to changes in work in progress and finished goods, as well as the effect of the rouble's depreciation. This was partly offset by higher taxes after the mineral tax rate was increased and due to greater production volumes.

Coal segment gross profit

The Coal segment's gross profit for 2018 amounted to US$1,295 million, up from US$1,241 million a year earlier, primarily due to higher sales prices.

APPENDIX

KEY RISKS AND UNCERTAINTIES

EVRAZ is exposed to numerous risks and uncertainties that exist in its business that may affect its ability to execute its strategy effectively in 2019 and could cause the actual results to differ materially from expected and historical results.

The Directors consider that the principal risks and uncertainties as summarised below and detailed in the EVRAZ plc 2018 Annual Report on pages 34 to 37, copies of which are available at http://www.evraz.com/investors/annual_reports/, are relevant in 2019 and the mitigating actions described are appropriate.

Principal risks:

Risk	**Mitigating/ risk management actions**
Global economic factors, industry conditions and cyclicality	This is an external risk that is mostly outside the Group's control; however, it is partly mitigated by exploring new market opportunities, focusing on expanding the share of value-added products, further downscaling inefficient assets, suspending production in low-growth regions, further reducing and managing the cost base with the objective of being among the sector's lowest-cost producers, and balance sheet/ gearing improvement.
Product competition	Expand product portfolio and penetrate new geographic and product markets. Develop and improve loyalty and customer focus programmes and initiatives. Quality improvement initiatives. Focus on expanding the share of value-added products.
Cost effectiveness	For both the mining and steelmaking operations, the Group is implementing cost-reduction projects to increase asset competitiveness. Focused investment policy aimed at reducing and managing the cost base. Further expansion and control of the Group's Russian steel distribution network. Development of high value-added products. EVRAZ Business System transformation projects focused on increasing efficiency and effectiveness.
Compliance with trade regulations and sanctions regimes	Ongoing control over regulatory compliance, monitoring of regulatory changes and development of necessary controls. Ongoing engagement with governments, coordination and cooperation with regulatory authorities. While the Group's internal compliance controls address the associated risks, the general uncertainty in the area increases the management's focus on this risk.
Functional currency devaluation	EVRAZ works to reduce the amount of intergroup loans denominated in Russian roubles to limit the possible devaluation effect on its consolidated net income.
HSE: environmental	Environmental risks matrix is monitored on a regular basis. Respective mitigation activity is developed and performed in response to the risks. Implementation of air emissions and water use reduction programmes at plants. Waste management improvement programmes.

Risk	Mitigating/ risk management actions
	Most of EVRAZ operations are certified under ISO 14001 and the Group continues to work towards bringing the remaining plants to ISO 14001 requirements. EVRAZ is currently compliant with REACH requirements. Participation in development of GHG emissions regulation in Russia. Reduction in GHG emissions as a positive side-effect of energy efficiency projects.
HSE: health, safety	Management KPIs place significant emphasis on safety performance and the standardisation of critical safety programmes. Implementing an energy isolation programme. Further development of a programme of behaviour safety observations which drives a more proactive approach to preventing injuries and incidents. A series of health and safety initiatives related to underground mining. Maintenance and repair modernisation programmes, downtime management system. Further development of occupational safety risk assessment methodology. Analysis of effectiveness of corrective measures.
Potential government action	While these risks are mostly outside the Group's control, EVRAZ and its executive teams are members of various national industry bodies. As a result, they contribute to the development of such bodies and, when appropriate, participate in relevant discussions with political and regulatory authorities. Procedures have been implemented and will be further developed to ensure that sanction requirements are complied with across the Group's operations.
Business interruption	The Group has defined and established disaster recovery procedures that are subject to regular review. Business interruptions in mining mainly relate to production safety. Measures to mitigate these risks include methane monitoring and degassing systems, timely mining equipment maintenance, and employee safety training. Detailed incident cause analysis is performed in order to develop and implement preventative actions. Records of minor interruptions are reviewed to identify any more significant underlying issues.
Cybersecurity and IT infrastructure failure	Further development of a cybersecurity protection system, focused on: ▪ isolation and protection of industrial networks; ▪ antivirus software systems update; ▪ upgrade and expansion of backup systems; ▪ implementation of incident monitoring systems; ▪ and other measures.

EVRAZ monitors these risks and actively pursues strategies to mitigate them on an ongoing basis.

DIVIDENDS

Interim dividend

In consideration of EVRAZ robust performance in 2018, EVRAZ Board of Directors has announced an interim dividend. On 27 February 2019, the Board of Directors voted to disburse a total of US$577.34 million, or US$0.40 per share. The record date is 8 March 2019 and payment date is 29 March 2019.

The interim dividend will be paid in US Dollars, unless a shareholder elects to receive dividends in UK pounds sterling or Euros. The last date for submitting a Currency Election will be 11 March 2019. All conversions will take place on or around 12 March 2019.

DIRECTORS' RESPONSIBILITY STATEMENT

Each of the directors whose names and functions are listed on pages 100-103 of the Annual report confirm that to the best of their knowledge:

- the consolidated financial statements of EVRAZ plc, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole (the 'Group');
- the management report required by DTR 4.1.8R includes a fair review of the development and performance of the business and the position of the Company and the Group, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Alexander Frolov
Chief Executive Officer
EVRAZ plc

27 February 2019

EVRAZ plc

Consolidated Statement of Operations

(in millions of US dollars, except for per share information)

	Notes	Year ended 31 December 2018	2017	2016
Continuing operations				
Revenue				
Sale of goods	**3**	**$ 12,525**	$ 10,520	$ 7,477
Rendering of services	**3**	**311**	307	236
		12,836	10,827	7,713
Cost of revenue	**7**	**(8,011)**	(7,485)	(5,521)
Gross profit		**4,825**	3,342	2,192
Selling and distribution costs	**7**	**(1,013)**	(717)	(623)
General and administrative expenses	**7**	**(546)**	(540)	(469)
Social and social infrastructure maintenance expenses		**(27)**	(31)	(23)
Loss on disposal of property, plant and equipment		**(11)**	(4)	(22)
Impairment of assets	**6**	**(30)**	12	(465)
Foreign exchange gains/(losses), net		**361**	(54)	(48)
Other operating income		**24**	39	22
Other operating expenses	**7**	**(55)**	(61)	(101)
Profit from operations		**3,528**	1,986	463
Interest income	**7**	**18**	14	10
Interest expense	**7**	**(359)**	(437)	(481)
Share of profits/(losses) of joint ventures and associates	**11**	**9**	11	(23)
Gain/(loss) on financial assets and liabilities, net	**7**	**13**	(57)	(9)
Gain/(loss) on disposal groups classified as held for sale, net	**12**	**(10)**	(360)	–
Other non-operating gains/(losses), net	**7**	**2**	(2)	(52)
Profit/(loss) before tax		**3,201**	1,155	(92)
Income tax benefit/(expense)	**8**	**(731)**	(396)	(96)
Net profit/(loss)		**$ 2,470**	$ 759	$ (188)
Attributable to:				
Equity holders of the parent entity		**$ 2,406**	$ 699	$ (215)
Non-controlling interests		**64**	60	27
		$ 2,470	$ 759	$ (188)
Earnings/(losses) per share for profit/(loss) attributable to equity holders of the parent entity, US dollars:				
Basic	**20**	**$ 1.67**	$ 0.49	$ (0.15)
Diluted	**20**	**$ 1.65**	$ 0.48	$ (0.15)

Here and after in the press-release the note numbers refer to notes in the Annual Report and Accounts.

EVRAZ plc

Consolidated Statement of Comprehensive Income

(in millions of US dollars)

	Notes	Year ended 31 December 2018	2017	2016
Net profit/(loss)		**$ 2,470**	$ 759	$ (188)
Other comprehensive income/(loss)				
Other comprehensive income to be reclassified to profit or loss in subsequent periods				
Exchange differences on translation of foreign operations into presentation currency		**(1,120)**	266	543
Exchange differences recycled to profit or loss on disposal of subsidiaries	**4,12**	**63**	747	–
Net gains/(losses) on cash flow hedges	**25**	**(3)**	9	–
		(1,060)	1,022	543
Effect of translation to presentation currency of the Group's joint ventures and associates	**11**	**(13)**	4	13
		(13)	4	13
Items not to be reclassified to profit or loss in subsequent periods				
Net gains/(losses) on equity instruments at fair value through other comprehensive income*	**13**	**59**	30	–
Gains/(losses) on re-measurement of net defined benefit liability	**23**	**28**	26	11
Income tax effect	**8**	**(6)**	(15)	–
		22	11	11
Total other comprehensive income/(loss)		**(992)**	1,067	567
Total comprehensive income/(loss), net of tax		**$ 1,478**	$ 1,826	$ 379
Attributable to:				
Equity holders of the parent entity		**$ 1,441**	$ 1,762	$ 341
Non-controlling interests		**37**	64	38
		$ 1,478	$ 1,826	$ 379

*In connection with the adoption of IFRS 9 (Note 2) net gains/(losses) on available-for-sale financial assets, which were previously presented as reclassified to profit or loss in subsequent periods, were transferred to net gains/(losses) on equity instruments at fair value through other comprehensive income within Items not to be reclassified to profit or loss in subsequent periods.

EVRAZ plc
Consolidated Statement of Financial Position
(in millions of US dollars)

	Notes	31 December 2018	2017	2016
ASSETS				
Non-current assets				
Property, plant and equipment	**9**	**$ 4,202**	$ 4,933	$ 4,652
Intangible assets other than goodwill	**10**	**206**	259	297
Goodwill	**5**	**864**	917	880
Investments in joint ventures and associates	**11**	**74**	79	64
Deferred income tax assets	**8**	**92**	173	156
Other non-current financial assets	**13**	**91**	151	91
Other non-current assets	**13**	**44**	39	45
		5,573	6,551	6,185
Current assets				
Inventories	**14**	**1,474**	1,198	984
Trade and other receivables	**15**	**835**	731	502
Prepayments		**113**	89	60
Loans receivable		**29**	11	13
Receivables from related parties	**16**	**11**	12	8
Income tax receivable		**35**	50	43
Other taxes recoverable	**17**	**201**	225	192
Other current financial assets	**18**	**35**	47	33
Cash and cash equivalents	**19**	**1,067**	1,466	1,157
		3,800	3,829	2,992
Assets of disposal groups classified as held for sale	**12**	**–**	–	27
		3,800	3,829	3,019
Total assets		**$ 9,373**	$ 10,380	$ 9,204
EQUITY AND LIABILITIES				
Equity				
Equity attributable to equity holders of the parent entity				
Issued capital	**20**	**$ 75**	$ 1,507	$ 1,507
Treasury shares	**20**	**(196)**	(231)	(270)
Additional paid-in capital		**2,480**	2,500	2,517
Revaluation surplus		**110**	111	112
Unrealised gains and losses	**13,25**	**6**	39	–
Accumulated profits		**3,026**	635	415
Translation difference		**(3,820)**	(2,777)	(3,790)
		1,681	1,784	491
Non-controlling interests	**32**	**257**	242	186
		1,938	2,026	677
Non-current liabilities				
Long-term loans	**22**	**4,186**	5,243	5,502
Deferred income tax liabilities	**8**	**258**	328	348
Employee benefits	**23**	**226**	284	317
Provisions	**24**	**222**	269	205
Other long-term liabilities	**25**	**38**	54	94
Amounts payable under put options for shares in subsidiaries	**4**	**–**	61	–
		4,930	6,239	6,466
Current liabilities				
Trade and other payables	**26**	**1,216**	1,128	935
Contract liabilities		**320**	272	266
Short-term loans and current portion of long-term loans	**22**	**377**	148	392
Payables to related parties	**16**	**122**	256	226
Income tax payable		**104**	67	39
Other taxes payable	**27**	**266**	212	169
Provisions	**24**	**35**	32	26
Amounts payable under put options for shares in subsidiaries	**4**	**65**	–	–
		2,505	2,115	2,053
Liabilities directly associated with disposal groups classified as held for sale	**12**	**–**	–	8
		2,505	2,115	2,061
Total equity and liabilities		**$ 9,373**	$ 10,380	$ 9,204

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EVRAZ plc

Consolidated Statement of Cash Flows

(in millions of US dollars)

	Year ended 31 December		
	2018	**2017**	**2016**
Cash flows from operating activities			
Net profit/(loss)	**$ 2,470**	$ 759	$ (188)
Adjustments to reconcile net profit/(loss) to net cash flows from operating activities:			
Deferred income tax (benefit)/expense *(Note 8)*	**48**	(89)	(87)
Depreciation, depletion and amortisation *(Note 7)*	**542**	561	521
Loss on disposal of property, plant and equipment	**11**	4	22
Impairment of assets	**30**	(12)	465
Foreign exchange (gains)/losses, net	**(361)**	54	48
Interest income	**(18)**	(14)	(10)
Interest expense	**359**	437	481
Share of (profits)/losses of associates and joint ventures	**(9)**	(11)	23
(Gain)/loss on financial assets and liabilities, net	**(13)**	57	9
(Gain)/loss on disposal groups classified as held for sale, net	**10**	360	–
Other non-operating (gains)/losses, net	**(2)**	2	52
Allowance for expected credit losses	**(1)**	10	1
Changes in provisions, employee benefits and other long-term assets and liabilities	**(16)**	(26)	(7)
Expense arising from equity-settled awards (*Note 21)*	**15**	17	16
Other	**(2)**	2	(3)
	3,063	2,111	1,343
Changes in working capital:			
Inventories	**(482)**	(199)	(17)
Trade and other receivables	**(128)**	(201)	(38)
Prepayments	**(48)**	(27)	(1)
Receivables from/payables to related parties	**(58)**	24	136
Taxes recoverable	**(24)**	(32)	(32)
Other assets	**–**	(2)	(3)
Trade and other payables	**108**	150	40
Contract liabilities	**63**	19	20
Taxes payable	**148**	123	62
Other liabilities	**(9)**	(9)	(7)
Net cash flows from operating activities	**2,633**	1,957	1,503
Cash flows from investing activities			
Issuance of loans receivable to related parties	**(1)**	(2)	(1)
Issuance of loans receivable	**(1)**	(2)	–
Proceeds from repayment of loans receivable, including interest	**2**	4	2
Purchases of subsidiaries, net of cash acquired *(Note 4)*	**–**	(5)	–
Proceeds from sale of other investments *(Note 13)*	**92**	–	–
Restricted deposits at banks in respect of investing activities	**–**	(1)	1
Short-term deposits at banks, including interest	**11**	7	4
Purchases of property, plant and equipment and intangible assets	**(521)**	(595)	(382)
Proceeds from disposal of property, plant and equipment	**4**	15	7
Proceeds from sale of disposal groups classified as held for sale, net of transaction costs *(Note 12)*	**52**	412	27
Dividends received	**6**	1	1
Other investing activities, net	**(22)**	(1)	1
Net cash flows used in investing activities	**(378)**	(167)	(340)

Continued on the next page

EVRAZ plc

Consolidated Statement of Cash Flows (continued)

(in millions of US dollars)

	Year ended 31 December		
	2018	**2017**	**2016**
Cash flows from financing activities			
Purchases of non-controlling interests *(Note 4)*	**$ (24)**	$ –	$ –
Contributions of non-controlling shareholders to the Group's subsidiaries	**–**	2	13
Payments for investments on deferred terms *(Note 11)*	**(11)**	(11)	(8)
Dividends paid by the parent entity to its shareholders *(Note 20)*	**(1,556)**	(430)	–
Dividends paid by the Group's subsidiaries to non-controlling shareholders	**(1)**	–	–
Proceeds from bank loans and notes	**1,412**	2,441	1,301
Repayment of bank loans and notes, including interest	**(2,459)**	(3,344)	(2,428)
Net proceeds from/(repayment of) bank overdrafts and credit lines, including interest	**–**	(139)	(5)
Payments under covenants reset	**–**	–	(4)
Restricted deposits at banks in respect of financing activities	**12**	(13)	–
Realised gains/(losses) on derivatives not designated as hedging instruments *(Note 25)*	**11**	2	(250)
Realised gains/(losses) on hedging instruments *(Note 25)*	**11**	14	14
Payments under finance leases, including interest	**(1)**	(2)	(1)
Other financing activities, net	**–**	1	(1)
Net cash flows used in financing activities	**(2,606)**	(1,479)	(1,369)
Effect of foreign exchange rate changes on cash and cash equivalents	**(48)**	(2)	(10)
Net increase/(decrease) in cash and cash equivalents	**(399)**	309	(216)
Cash and cash equivalents at the beginning of the year	**1,466**	1,157	1,375
Decrease/(increase) in cash of disposal groups classified as assets held for sale *(Note 12)*	**–**	–	(2)
Cash and cash equivalents at the end of the year	**$ 1,067**	$ 1,466	$ 1,157
Supplementary cash flow information:			
Cash flows during the year:			
Interest paid	**$ (320)**	$ (405)	$ (413)
Interest received	**9**	8	6
Income taxes paid by the Group	**(623)**	(427)	(149)

EVRAZ plc

Consolidated Statement of Changes in Equity

(in millions of US dollars)

	Attributable to equity holders of the parent entity									
	Issued capital	**Treasury shares**	**Additional paid-in capital**	**Revaluation surplus**	**Unrealised gains and losses**	**Accumulated profits**	**Translation difference**	**Total**	**Non-controlling interests**	**Total equity**
At 31 December 2017	**$ 1,507**	**$ (231)**	**$ 2,500**	**$ 111**	**$ 39**	**$ 635**	**$ (2,777)**	**$ 1,784**	**$ 242**	**$ 2,026**
Net profit	**–**	**–**	**–**	**–**	**–**	**2,406**	**–**	**2,406**	**64**	**2,470**
Other comprehensive income/(loss)	**–**	**–**	**–**	**–**	**56**	**22**	**(1,043)**	**(965)**	**(27)**	**(992)**
Transfer of realised gains on sold equity instruments to accumulated profits *(Note 13)*	**–**	**–**	**–**	**–**	**(89)**	**89**	**–**	**–**	**–**	**–**
Reclassification of revaluation surplus to accumulated profits in respect of the disposed items of property, plant and equipment	**–**	**–**	**–**	**(1)**	**–**	**1**	**–**	**–**	**–**	**–**
Reclassification of additional paid-in capital in respect of the disposed subsidiaries	**–**	**–**	**(35)**	**–**	**–**	**35**	**–**	**–**	**–**	**–**
Total comprehensive income/(loss) for the period	**–**	**–**	**(35)**	**(1)**	**(33)**	**2,553**	**(1,043)**	**1,441**	**37**	**1,478**
Reduction in par value of shares *(Note 20)*	**(1,432)**	**–**	**–**	**–**	**–**	**1,432**	**–**	**–**	**–**	**–**
Acquisition of non-controlling interests in subsidiaries *(Note 4)*	**–**	**–**	**–**	**–**	**–**	**(3)**	**–**	**(3)**	**(21)**	**(24)**
Transfer of treasury shares to participants of the Incentive Plans *(Notes 20 and 21)*	**–**	**35**	**–**	**–**	**–**	**(35)**	**–**	**–**	**–**	**–**
Share-based payments *(Note 21)*	**–**	**–**	**15**	**–**	**–**	**–**	**–**	**15**	**–**	**15**
Dividends declared by the parent entity to its shareholders *(Note 20)*	**–**	**–**	**–**	**–**	**–**	**(1,556)**	**–**	**(1,556)**	**–**	**(1,556)**
Dividends declared by the Group's subsidiaries to non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1)**	**(1)**
At 31 December 2018	**$ 75**	**$ (196)**	**$ 2,480**	**$ 110**	**$ 6**	**$ 3,026**	**$ (3,820)**	**$ 1,681**	**$ 257**	**$ 1,938**

EVRAZ plc
Consolidated Statement of Changes in Equity (continued)
(in millions of US dollars)

	Attributable to equity holders of the parent entity									
	Issued capital	**Treasury shares**	**Additional paid-in capital**	**Revaluation surplus**	**Unrealised gains and losses**	**Accumulated profits**	**Translation difference**	**Total**	**Non-controlling interests**	**Total equity**
At 31 December 2016	$ 1,507	$ (270)	$ 2,517	$ 112	$ –	$ 415	$ (3,790)	$ 491	$ 186	$ 677
Net profit	–	–	–	–	–	699	–	699	60	759
Other comprehensive income/(loss)	–	–	–	–	39	11	1,013	1,063	4	1,067
Reclassification of revaluation surplus to accumulated profits in respect of the disposed items of property, plant and equipment	–	–	–	(1)	–	1	–	–	–	–
Reclassification of additional paid-in capital in respect of the disposed subsidiaries	–	–	(34)	–	–	34	–	–	–	–
Total comprehensive income/(loss) for the period	–	–	(34)	(1)	39	745	1,013	1,762	64	1,826
Derecognition of non-controlling interests on sale of subsidiaries *(Note 12)*	–	–	–	–	–	–	–	–	(6)	(6)
Derecognition of non-controlling interests under put options *(Note 4)*	–	–	–	–	–	(56)	–	(56)	(4)	(60)
Contribution of a non-controlling shareholder to share capital of the Group's subsidiary	–	–	–	–	–	–	–	–	2	2
Transfer of treasury shares to participants of the Incentive Plans *(Notes 20 and 21)*	–	39	–	–	–	(39)	–	–	–	–
Share-based payments *(Note 21)*	–	–	17	–	–	–	–	17	–	17
Dividends declared by the parent entity to its shareholders *(Note 20)*	–	–	–	–	–	(430)	–	(430)	–	(430)
At 31 December 2017	$ 1,507	$ (231)	$ 2,500	$ 111	$ 39	$ 635	$ (2,777)	$ 1,784	$ 242	$ 2,026

EVRAZ plc
Consolidated Statement of Changes in Equity (continued)
(in millions of US dollars)

	Attributable to equity holders of the parent entity									
	Issued capital	**Treasury shares**	**Additional paid-in capital**	**Revaluation surplus**	**Unrealised gains and losses**	**Accumulated profits**	**Translation difference**	**Total**	**Non-controlling interests**	**Total equity**
At 31 December 2015	$ 1,507	$ (305)	$ 2,501	$ 124	$ –	$ 644	$ (4,335)	$ 136	$ 133	$ 269
Net loss	–	–	–	–	–	(215)	–	(215)	27	(188)
Other comprehensive income/(loss)	–	–	–	–	–	11	545	556	11	567
Reclassification of revaluation surplus to accumulated profits in respect of the disposed items of property, plant and equipment	–	–	–	(12)	–	12	–	–	–	–
Total comprehensive income/(loss) for the period	–	–	–	(12)	–	(192)	545	341	38	379
Acquisition of non-controlling interests in subsidiaries	–	–	–	–	–	(2)	–	(2)	2	–
Contribution of a non-controlling shareholder to share capital of the Group’s subsidiary	–	–	–	–	–	–	–	–	13	13
Transfer of treasury shares to participants of the Incentive Plans *(Notes 20 and 21)*	–	35	–	–	–	(35)	–	–	–	–
Share-based payments *(Note 21)*	–	–	16	–	–	–	–	16	–	16
At 31 December 2016	$ 1,507	$ (270)	$ 2,517	$ 112	$ –	$ 415	$ (3,790)	$ 491	$ 186	$ 677